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Kibria leaves for Thailand today to attend ADB annual meeting

Finance Minister SAMS Kibria leaves for Thailand today to attend the 33rd annual meeting of Board of Governors of the Asian Development Bank (ADB), says UNB.

The minister will lead a six-member Bangladesh delegation at the three-day ADB meeting to begin on May 6 at Chiang Mai in Thailand, said an official handout.

The other members of the delegation are Dr Mashiur Rahman, Secretary, ERD, M Faizur Razzaq, Alternate Executive Director to the ADB, Suhrab Hossain, Bangladesh Ambassador to Bangkok, M Shafiqul Islam, Joint Secretary, ERD, and M Mosharraf Hossain Bhuiyan, Private Secretary to the Finance Minister.

The minister is expected to return home on May 10.

Kibria dubs lending rates 'too high'

Star Business Report

Terming the commercial banks' interest rates on credits 'too high', Finance Minister SAMS Kibria has said that their lending rates do not match the country's current low inflation rate.

"Businessmen often express their concern about the high interest rate and I also think that the rates on credits should be much lower since inflation is as low as 3.2 per cent," he said, while speaking at the annual dinner of the Bangladesh Association of Banks (BAB) at Sonargaon Hotel on Wednesday.

The function was also addressed by Bangladesh Bank Governor Dr Mohammad Farashuddin, BAB President and Chairman of United Commercial Bank Ltd (UCBL) Zafar Ahmed Chowdhury and BAB Vice-President and Chairman of Dhaka Bank Ltd Abdul Hai Sarkar.

The minister said the banks are free to fix their interest rates and the government does not slap any control on them in this regard, hoping that the banks would lower their rates to lure more business entrepreneurs through a healthy competition.

Kibria also urged the private banks to invest in rural projects and agro-based industries to help add new items to the country's export basket.

He said due to different reform programmes undertaken by the government, discipline has been restored in the banking sector to some extent.

Central bank Governor Farashuddin said that the health of the banking sector was improving and the private sector banks were performing well.

Bangladesh to get Tk 14.4 cr German grant

Bangladesh will receive 6 million DM (equivalent to Tk 14.4 crore) from Germany for the extension of promotion of the private sector project under German-Bangladesh Technical Assistance, says UNB.

German Ambassador to Bangladesh Uwe Schramm and ERD Joint Secretary M Abdur Razzaq signed the exchange of notes at the ERD yesterday.

The project, which previously consisted of two components, will be supplemented in its extension phase by a third component : Product Development.

In its new phase, which will last for three years, the German contribution for the project will be implemented by GTZ, the German agency for technical assistance, and on Bangladesh side, DCCI and a local NGO will be responsible.

Abdul Matlub Ahmed, Chairman of Nitol Group, and Kim Rok Chol, Director of Nam Nam Corporation of DPR Korea, exchanging contract agreement signed yesterday to establish a tyre manufacturing company in the country. The first such company, Nitol Tyre Industry (Pvt) Ltd, will be established with the technical assistance from DPR Korea and China. Also seen in the picture are Mokammel Huq, Executive Chairman of Board of Investment (BOI), and Kin Chol Jin, Ambassador of DPR Korea. —Star photo

Chairman of Continental Insurance

ARM Harun ur Rashid has been elected Chairman of the recently-established private insurance company, Continental Insurance Ltd, says a press release.

Rashid is also the managing director of Madonna Advertising, Madonna Printers, Debonair Ltd, Debonair Fashions Ltd, Orbitex Knitwear Ltd, Victory Builders and Prophecy International Ltd.

A Masters degree-holder from the Management Department of the Dhaka University, Rashid has been involved in advertising, printing, readymade garments manufacturing, construction and indenting business for more than 20 years.

Tax holiday system may continue for sometime

In spite of alleged abuse or misuse of tax holiday for industries the government may continue to provide this facility for a year or more, reports UNB

While critics brand it as a means to evade other taxes, local industrialists are demanding extension of the scheme that is expiring on June 30, 2000.

"The period is likely to be extended. Only the next budget can say how long will be the period," an official of Board of Investment said Wednesday. He, however, hinted the extension may be for one more year. An Industries Ministry official corroborated his statement.

Despite constant pressure from lenders, including World Bank, tax holiday can not be withdrawn overnight as local industrialists want it "as a means of evading other taxes", the official said. Foreign investors also expect it to continue, but they do not bother for it that much because scopes for tax evasion are rare for them.

"In lieu of tax holiday, government prefers accelerated depreciation allowance to help industries as well as check revenue loss," said the official.

Finance Minister Shah A M S Kibria alleged that the tax holiday is being misused. On different occasions last month, he told chamber leaders that the government might consider further extension of the scheme only after having assurance from the business community that there would be no further abuse of it.

Tax officials also detected abuses of tax holiday by local industrialists. They, however, favoured extension of the scheme for another five or 10 years for selected industries.

The government announced the general tax exemption in early '90s applicable for all industries initially for five or seven years based on their locations. Industrial units can apply for further extension of the initial period. New Industrial Policy also upholds the special incentive to promote both local and foreign industries.

Initial period of tax holiday for industrial units in Dhaka and Chittagong divisions (excluding three hill districts) is five years while it is seven years for units in Khulna, Sylhet and Rajshahi divisions and three hill districts.

Neither the Ministry of Industries nor the Board of Investment has any statistics on beneficiaries of the special tax exemption.

Even National Board of Revenue (NBR), which is authorised to issue tax holiday certificates to industries, has not carried out any survey to ascertain the revenue loss for tax holiday or assess gain from new industries, which availed themselves of the incentive.

A senior tax official last month frankly alleged the tax holiday for industries is largely being misused as a means of whitening the black money.

He proposed the scheme be extended for another 5 or 10 years in the next budget, but blanket coverage of 100 per cent full tax exemption for all industrial ventures anywhere in the country should be withdrawn.

Rather the scheme should be restricted to some selected areas based on priorities, like that in other countries in the region, member (Taxation) of National Board of Revenue Faruq Ahmed Siddiqi told a seminar in the city.

Some selected industries should get 100 per cent tax exemption while other industries should be sorted out for exemption of various percentages as per priorities.

Tax holiday scheme is very liberal here compared to that in other South Asian countries, Siddiqi said. The incentive in India, Pakistan and Sri Lanka is extended either to selected priority industries, or to promote industries in less developed areas.

Siddiqi cited how the blanket tax holiday leaves scopes for legalising black money as one can shift investment from the parent units to expansions and again enjoy the holiday for the expanded unites.

Indian lower house okays budget

Govt refuses to budge on subsidy cuts

NEW DELHI, May 4: Prime Minister Atal Behari Vajpayee's government refused to backtrack on unpopular cuts in subsidies for food and fertiliser on Thursday as the lower house of Parliament approved the 2000-2001 federal budget, says AP.

An angry opposition walked out of the house after heckling Finance Minister Yashwant Sinha when he refused to roll back the cuts, which affected farmers and most middle-class and poor consumers.

The $77.8 billion budget will now be considered by the upper house of Parliament, a formality since it cannot make any changes in the financial allocations.

The budget raised the defence spending by $ 3 billion to $ 13.5 billion, the largest increase in any single year.

India plans to buy Advanced Trainer Jets, Russian main battle T-90 tanks, the Airborne Warning and Control System (AWACS), High Altitude Unmanned Aerial Vehicle, midair flight refueling aircraft and additional French Mirage 2000 aircraft.

The unprecedented rise came after severe fighting between government soldiers and Pakistani-based forces last summer in the Kargil sector of Kashmir in which more than 1,000 people were killed.

Sinha said in his speech that he had set up an Expenditure Commission to review government subsidies that consume 14 per cent of the country's Gross Domestic Product.

"I have asked the commission to give me a quick report on food and fertiliser subsidies," the finance minister said.

That mollified the allies of Vajpayee's right-wing government and they approved the budget in a voice vote with opposition benches empty.

Sinha's budget included a 12 per cent cut in the subsidy on some foods and a 4.5 per cent cut in fertiliser subsidies.

Vajpayee's allies and the opposition parties argued that lowering of subsidies had increased the burden on India's poor, whose per capita income averages less than $430 a year.

In the budget, the finance minister provided incentives to knowledge-based industries by making it easier for Indian companies to spend capital on foreign businesses and technology and allow more foreign investment in Indian firms.

Inflation fears shock US stocks

NEW YORK, May 4: Wall Street stocks were hammered nearly across the board yesterday as inflation worries sparked a selloff ahead of a speech by Federal Reserve Chairman Alan Greenspan, says Reuters.

Cash flew to the sidelines as economic numbers, comments from a central banker and the Fed's Beige Book summary of the economy ratcheted up fears of a big increase in interest rates when policymakers meet on May 16.

"With no real players out there and no real demand and some skittish money coming out of the marketplace, this is the reaction you get," said Arthur Hogan, chief market analyst at Jeferies & Co.

The Dow Jones industrial average ended down 250.99 points, or 2.34 per cent, at 10,480.13. The New York Stock Exchange turned on its programme trading curbs when the index slid past the 200-point mark.

Only five of the Dow's 30 stocks managed to climb as investors beat back the retail, energy, financial, technology and consumer products sectors.

The Nasdaq composite index lost 78.14 points, or 2.06 per cent, to 3,707.31, rebounding in the final minutes of trading from a drop of 4.75 per cent. Leading technology companies fell on a profit warning from software maker Novell Inc.

Nasdaq has logged two sessions in a row of losses, having slid 172 points on Tuesday.

Measures of the wider market also suffered with the Standard & Poor's 500 index down 31.19 points, or 2.16 per cent, to 1,415.10, and the Wilshire 5000 down 278.66 points, or 2.07 per cent, to 13,179.24.

"The market is looking for direction," said Peter Coolidge, senior equity trader at Brean Murray & Co. "It is hard for people to get a lot of enthusiasm for the market when they don't know what the Federal Reserve might do."

The central bank's policy-setting committee meets May 16 to decide whether to jack up interest rates for what would be the sixth time since last June.

A growing number of analysts are forecasting the central bank will opt for an aggressive 50-basis-point boost to slow the economy.

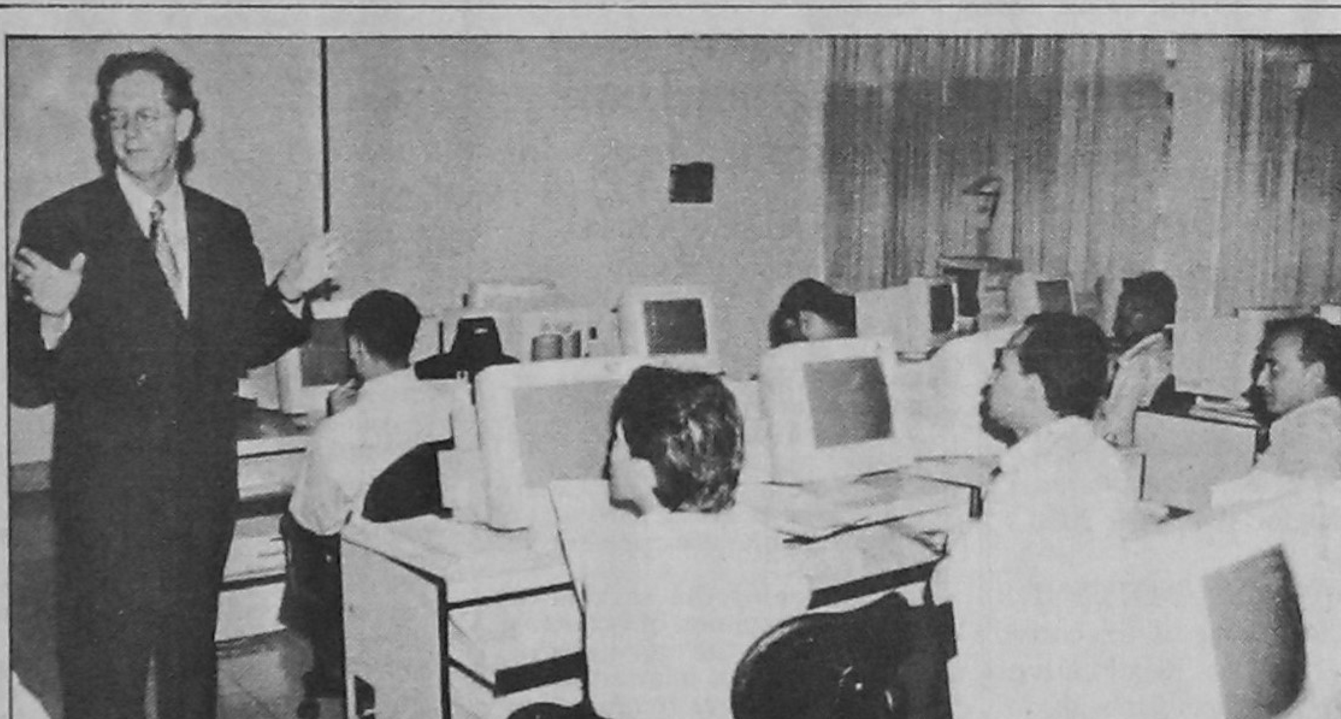
JOBS presentation on moveable asset-based loans

A presentation on "Loans based on Moveable Assets" was made by Reid Lohr, Senior Policy Advisor of JOBS/USAID, at a training workshop for bankers on "Understanding and financing the special needs of SMEs" at BIBM on Wednesday, says a press release.

This widely-used banking concepts are conspicuously absent in Bangladesh, where bankers are traditionally more comfortable to provide loans based on fixed assets.

Lohr introduced this concept as a part of JOBS endeavour to expand 'access to credit for Bangladeshi SMEs'.

He explained in detail the benefit of this flexible approach and its overall impact on development of Bangladesh.



Reid Lohr, Senior Policy Advisor, JOBS/USAID, presents a lecture on 'Loans based on Moveable Assets' to bankers participating in the on-going training titled "Understanding and financing the special needs of SMEs" sponsored by JOBS Program/USAID and conducted by BIBM. The training will end on May 8. —JOBS photo

Ford steps up its bid for Daewoo Motor

SEOUL, May 4: Ford Motor Co. today stepped up its campaign to take over Daewoo Motor Co., offering to build up the troubled automaker's presence in Asian and Eastern European markets, says AFP.

"We would like to think of Daewoo as the engine of growth for the Ford group in Asia and Eastern Europe," Wayne Booker, vice chairman of Ford Motor Co. said in a press statement.

"This would be the initial focus of our efforts. Next we would focus on growth in the mature markets of North America and Western Europe. We believe Daewoo would be a very complementary brand to the Ford family in these markets," he said.

At a press conference, Booker said Daewoo's vehicles are "very competitive" in Eastern Europe, where Ford is "not a major player."

Daewoo has opened operations in recent years in Eastern Europe, including Romania, Poland and the Ukraine.

"The type of vehicles Daewoo have are very competitive in those markets. I think with a proper financing, there is a great market potential for Daewoo in those types of products in those markets," he told journalists.

He stressed that Ford intends to retain the Daewoo brand, which he said would be a "pround and highly complementary addition" to Ford's family of brands, including Lincoln, Mercury, Mazda, Aston Martin, Jaguar and Volvo.

Ford would expand Daewoo's sales both in South Korea and internationally, maximising employment and the use of Daewoo facilities and its suppliers.

"I would like to emphasise that any solution to the Daewoo situation that we develop would need the acceptance of the unions, supplier associations and the Korean government."

Asset Dhanmondi joins NCS-VUE testing network

Asset International Dhanmondi Centre yesterday announced the signing of an agreement with the Virtual University Enterprises (VUE) Information Technology (IT) testing service of National Computer Systems, Inc. (NCS) NASDAQ: NLCS) to deliver IT certification exams using the VUE testing system.

VUE's advanced Internet-based system administers IT exams for leading IT certification programmes such as Microsoft, Novell, CompTIA and others, says a press release.

"We're very excited about our new partnership with VUE," said Syed Mokammel Hossain, Head of Dhanmondi Centre. "VUE's testing system is the most powerful available. Its breakthrough technology and passion for service will enable us to provide even greater service for our customers," he added.

The growing lists of IT certification exams accessible through the VUE system are delivered directly from the exam sponsor. Test results are quickly transmitted back, ensuring the candidate's certification status is promptly updated.

Scott Allison, Director of Marketing at VUE, said: "VUE is proud to welcome Asset International Dhanmondi Centre to the rapidly-growing global network of VUE-authorised test centres, providing students with another opportunity to participate in a positive, rewarding test experience. We are confident that they will find our service partnership with Asset is "breathtaking."

Anglo-German bourse merger seen speeding Nasdaq's Europe jaunt

NEW YORK, May 4: The Nasdaq, the No. 2 US stock market, says its role in the soon-to-be merged Anglo-German bourse propels its European ambitions and moves it closer toward its ultimate goal of erecting a global market, says Reuters.

The shares of some of the world's biggest technology companies, including software giant Microsoft Corp. and the No. 1 chip maker Intel Corp. are traded on the Nasdaq stock market, which also is the home of the technology-rich Nasdaq composite index.

The Nasdaq, founded in 1971, has grown from a place to trade stocks over the counter to an electronic marketplace that now is the chief rival of the 208-year-old New York Stock Exchange, the world's largest exchange.

For years, Nasdaq's leadership has worked on a plan to penetrate the European equities market. The pieces fell quickly into place this week. Early Wednesday, Europe's two biggest stock markets, London and Frankfurt, announced their plans to merge as well as to link up with the Nasdaq to create a market in high-growth stocks.

"We had a vision for Nasdaq Europe. What we have here today gets this done in a matter of months instead of years," said Frank Zarb, chairman of the National Association of Securities Dealers, Nasdaq's parent.

Zarb, in London after final talks with the London Stock Exchange and the Deutsche Boerse, was speaking via satellite to reporters at Nasdaq's glitzy "MarketSite" in Manhattan.

Establishing Nasdaq in Europe, Zarb said, builds a new gateway for US and European investors to trade shares in companies based on either side of the Atlantic.

Yet, Nasdaq's idea of a seamless, globally linked electronic market is still just that — an idea.

So Nasdaq's ability to create the world's first global electronic stock market hinges on whether it can satisfy demands from regulators in Japan, Germany and, perhaps most importantly, the United States.

Nasdaq's plans in Europe were hatched last year, when its officials said they would build "Nasdaq Europe," a pan-European electronic stock market that would be based in London.

It had been scheduled to open in the fourth quarter of this year. As part of that deal, Nasdaq partnered with Australia's News Corp, France's Vivendi and Japan's Softbank Corp. 9984. T.

But on Wednesday, Nasdaq said it would instead form a joint venture with the new Anglo-German exchange. Nasdaq said this, as the London Stock Exchange and the Deutsche Boerse announced they would merge to form "iX" — standing for international exchanges. The London-Frankfurt merger is expected to be completed this autumn.

Under the auspices of what will be Europe's biggest stock market, "Nasdaq "iX" will operate as a separate market focused on smaller, high-growth companies, absorbing the Deutsche Boerse's Neuer Market and London's techMark.

Nasdaq and its original partners will own 50 per cent of the Frankfurt-based Nasdaq iX. The Anglo-German bourse will own the other half.

The idea behind Nasdaq iX is cross-Atlantic trading via Nasdaq's systems. This can only happen, though, with the blessing of the US Securities and Exchange Commission and German regulators, NASD spokesman Andrew MacMillan confirmed.

Nasdaq's highest hurdle in its quest to go global is SEC clearance, said Ian Domowitz, the Smeal professor of finance at Pennsylvania State University.

Qantas launches services to E Timor

DILI, East Timor, May 4: Qantas became the second Australian airline to inaugurate services of East Timor Thursday, but competition on the lucrative route linking Dili with Darwin has not resulted in better prices for travelers, says AP.

A 36-seat De Havilland Dash-8 turboprop belonging to Qantas subsidiary, Airlink, landed at Dili airport at 11.05 am with 30 passengers on board. Most were business travelers or Qantas staff.

The airline said it will fly into Dili six times a week.

Security at the city's Comoro airport had to be tightened before Qantas began flights. For the first time passengers were asked to walk through metal detector and have their luggage X-rayed.

"We needed to meet international security standards before coming in," said spokesman Geoffery Wharfe.

Both Qantas and its competitor on the route, Air North, charge between $266 and $500 for a return ticket the 90 minute flight.